

Testimony of

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Good Morning Chairman Goodlatte, Ranking Member Peterson and distinguished members of the Committee. My name is Phil Glaize and I am a third generation fruit farmer with operations in Shenandoah and Frederick Counties Virginia.

Glaize Apples currently operates 650 acres of orchard, along with a packing house and cold storage. We have 12 full time employees and employ anywhere from 15 to 65 seasonal employees depending upon the time of year. In addition, we must add 80 harvest workers to this force for the months of September and October. We are considered a small to medium sized operation for our industry. Our focus is fresh fruit, but we also maintain about 15% of our production for processing.

Thank you, Chairman Goodlatte for holding this hearing, it provides a real opportunity to assess the current needs of agriculture with an eye toward the future.

Some in agriculture have called for an extension of the current Farm Bill, but I believe that would be a mistake. Much has changed since those policies were written and I believe they no longer reflect the reality of agriculture. Today we are faced with sky rocketing fuel costs, a near agriculture trade deficit, ever-increasing regulations and labor shortages. In addition, as a nation we are confronting an obesity epidemic, an aging population and an increasingly global economy. The challenges and opportunities of today's global economy call for a new direction in agriculture policy and I welcome the opportunity to testify on this issue today.

The specialty crop industry does not want policies that sustain yesterday's business; we want investment in the future. For example, the produce industry is not looking for a direct payment program. I do not believe that would be in the best interest of my business or of the industry as a whole. We are advocating for programs that grow demand and build the long-term competitiveness and sustainability of the specialty crop industry.

A strong domestic produce industry is in our national security interest. With the government's mandate that domestic producers meet very stringent regulations in environmental, labor and other areas comes the responsibility to help those producers achieve cost-effective compliance. Without appropriate assistance U.S. production will relocate to foreign growing areas with far fewer regulations, abundant labor, and lower production costs.

Increasing Competitiveness at Home and Abroad

The produce industry is already facing a net trade deficit. This makes programs such as the Specialty Crop Block Grant Program critical to our industry's survival. Authorized under the Specialty Crop Competitiveness Act of 2004, this program builds on the success of the 2001 State Block Grant Program. The program allows States maximum flexibility to determine what types of programs best serve producers in that state. The local administration of this program is critical to its success as the needs and challenges that specialty crop producers face varies greatly from state to state.

Virginia apple growers benefited from the original block grant program which helped the Virginia Apple Growers Association establish an Export Trading Company. I am one of the original members of that ETC. With the help of the ETC, we increased the dollar value of our exports by 100% in three years. Funding through the original grant expired, and grower members picked up the slack for the 2005 crop. However, we are in danger of losing the ETC this year as funds appropriated for FY 2006 have not been dispersed and the growers cannot afford the level of commitment required. This is one concrete example of the effectiveness of the block grant program. Expansion would mean increased funds for marketing, trade promotion and research that will benefit apples and the entire specialty crop sector.

The export market is critical to the health of the apple industry here in VA and nationally. The export market provides an outlet for approximately 25% of the U.S. apple crop. The Market Access Program (MAP) has been of great benefit to our industry, helping to level the playing field as we compete with countries such as China and Chile that have much

lower production costs. I would also add our strong support for the Technical Assistance Program for Specialty Crops (TASC). This grant, which was administered through the Virginia Department of Agriculture, played an integral role in getting Virginia apples into Mexico. Future TASC grants can address the few technical issues remaining with the Mexican export program and begin to open new doors for Virginia apples.

Apple producers and the entire specialty crop industry continue to face mounting pressures from the decrease in available crop protection tools. While at the same time, consumers are placing an increased value on agriculture production that also conserves and enhances our natural resources. Unfortunately for producers, investments in natural resource management and conservation programs can be very costly and these costs are difficult to recoup. Therefore next Farm Bill should include expansion of conservation programs such as the Environmental Quality Incentives Program (EQIP) and the Conservation Security Program (CSP). These programs benefit both producers and consumers as they lead to a more stable and productive farm economy and an improved environment. Glaize Apples participated in the EQIP program this past year. Our cost sharing was less than full value due to over subscription by specialty crop producers. Current usage of the program points to the fact that continued and higher funding is appropriate.

Federal farm policy should also re-emphasize the need for significant investment in specialty crop research and development in order to keep fruit and vegetable producers competitive in a rapidly evolving and highly competitive global marketplace. Of particular interest to us as apple growers are research programs that improve labor productivity, rootstocks and varietal selection, production efficiency, fruit quality, and address other challenges to the future competitiveness of the industry. I support proposals to mandate an emphasis on specialty crop research as part of the National Research Initiative (NRI) and to establish grant programs within USDA with the goal of improving the efficiency and competitiveness of specialty crop producers.

Increasing Consumption and Improving Health

A vibrant fruit and vegetable industry will produce a strong return on investment for all of America, not just producers. Proper nutrition is critical in promoting good health, preventing disease, and improving quality of life. Yet studies show that the vast majority of Americans are not eating the recommended servings of fruits and vegetables. On any given day, 45% of children eat no fruit at all and 20% eat less than one serving of vegetables.

We need to reach consumers at an early age to help establish habits that will last a life time. Programs in schools such as expansion of the Fruit and Vegetable Snack program are an important first step. We do not yet have that program in Virginia, and I believe we should have it in all 50 states. By providing fruits and vegetables to students on a daily basis, this program has the potential to create lifelong customers for our industry and in turn have a positive effect on the health of the next generation.

For these same reasons, I strongly support an expansion of the Section 32 purchases of fruits and vegetables. It is my understanding that the 2002 Farm Bill called for an expansion of this program by an additional \$200 million but that USDA has not interpreted it that way. I have had many years experience selling to USDA through this program and believe it is a win-win for the produce industry and for our students.

The next Farm Bill should also include a Fruit and Vegetable Nutrition Promotion Program designed to help all Americans increase their consumption of fruits and vegetables to meet the *2005 Dietary Guidelines*. Meeting Federal health guidelines would require Americans on average to double their consumption of fruits and vegetables, an increase in demand that would create significant value to U.S. growers in market opportunity. The program would be a cost-effective way for the Federal government to invest in sustainability of U.S. fruit and vegetable growers while tackling the critical obesity and health crisis that is draining federal funds for ever-escalating health care costs.

Conclusion

The specialty crop industry is preparing itself to meet the new challenges being placed before us. The 2002 Farm Bill and legislation that followed, such as the Specialty Crop Competitiveness Act, represent a step toward this goal.

Thank you for allowing me to testify before this Committee. These discussions and the final reauthorization of the Farm Bill offer an exciting opportunity to take these programs to the next level and set the stage for a vibrant and healthy future for fruit and vegetable growers and U.S. consumers.